

VisionFund

World Vision



» VISIONFUND IMPACT EVALUATION

Recovery Lending for Guatemala and Kenya

Independent study conducted by 60_Decibels

Report by Johanna Ryan, Global Director of Impact



ABOUT THE STUDY

» VisionFund's impact on clients during the COVID-19 pandemic

Through generous funding from donors, VisionFund commissioned 60_Decibels to conduct two impact evaluations in Kenya and Guatemala to learn more about how VisionFund financial services are supporting clients during the COVID-19 pandemic.

A high-level summary of the findings gives us much to celebrate: VisionFund is reaching rural women who are economically vulnerable. We are providing a product and service that is not otherwise available to this demographic. And, very importantly, the product is improving lives – it works.

These revelations from the data and from clients' own words are immensely valuable: from these studies we have clear pointers to what is working well and what needs improvement. We are digging into the data to learn what more we can do to help secure life in all its fullness for our clients and the children in their care.

» Summary of data collection by 60_Decibels

The research firm 60_Decibels, is an impact-focused research company, using a 'lean data' approach. Through telephone interviews 493 clients were contacted in Kenya and Guatemala to record their experiences and the changes to their lives that they associate with the work of VisionFund. The questionnaires are all broadly similar but differ in some ways because (a) the individual MFIs are focused on understanding different aspects of their clients' experiences, and (b) Kenya's survey was stand-alone while the Guatemala survey was the first of two, with the follow-up surveys scheduled for 2022. Kenya and Guatemala's studies focused on the impact of the Recovery Loan programme.

The typical client surveyed is a woman in her early 40s who cares for four children and lives in a village or in the countryside. In Kenya and Guatemala, the main livelihood activity is some form of retail sales, mostly food.

When it comes to the levels of poverty, in Kenya, clients are still poor with one third living on less than \$3.20 per day, and two thirds on less than \$5.50. In Guatemala extreme poverty is rare, but relative poverty is widespread, defined as less than \$5.50 per day: 40% of clients surveyed live at this level of poverty.

STUDY FINDINGS

» Highlights

- In Kenya, **86%** of clients **experienced decreased income** during COVID-19.
- In Kenya, **92%** of clients **couldn't find a good alternative to VisionFund**.
- In Kenya, **9 out of 10** said the loan **had a positive impact on their quality of life**.
- In Guatemala, **82%** of clients **experienced decreased income** during COVID-19.
- In Guatemala, **81%** of clients **couldn't find a good alternative to VisionFund**.
- In Guatemala, **90%** of clients said the loan **increased their ability to achieve their goal**.

» Clients options for microfinance and banking services

Given the number of people who have fallen into greater poverty, VisionFund is filling an important financial role. One of the more surprising results from all the surveys were the responses to the question, "Could you find a good alternative to VisionFund?" In Guatemala, 81% said they could not and in Kenya a massive 92% said they could not find a good alternative to VisionFund. Considering that in Kenya the banking, microfinance, and fintech sectors are crowded, this is a remarkable result. VisionFund Kenya explains that unlike other financial institutions, when lockdowns and other restrictions were imposed and prevented people from pursuing their normal livelihoods, financial institutions curtailed and even withdrew their services, while VisionFund, ready with recovery loans, reached out to clients when their need for financial support was greatest.

» Clients ability to achieve their goals during COVID-19

Respondents were asked about the specific goals they hoped to achieve with the loan from VisionFund and for the vast majority, the goals related to their livelihood. When asked whether the loan had helped achieve these goals, the responses were overwhelmingly positive: in Guatemala 90% said the loan increased their ability to achieve their goal. The specific question was not asked in Kenya, but responses to questions about changes to quality-of-life point in the same positive direction.

“ FROM KENYA CLIENTS

When I was struggling with my business, VisionFund gave me the recovery loan that enabled me to start a new business, boost my carpentry business, and support my young family.

I was able to start a new business hence supporting my grandchildren's education and basic needs. We have a good income now.

VisionFund is very flexible, and they never harassed me with repayment, they are very understanding.

“ FROM GUATEMALA CLIENTS

With this new loan, I invested in my chicken business, and I re-opened my clothing store.

I trust VisionFund. The personnel treat people so well and respect the clients.

During the pandemic, our products were out of demand, because there were no local markets opened. Sometimes I just threw my crops away because nobody wanted them. I could not go to other towns because roads were closed. These COVID-19 restrictions affected us so much.

STUDY FINDINGS

» Clients prioritize children's education with recovery loans

In Kenya, the survey included a preliminary question about the quality of life: 9 out of 10 respondents said the loan had a positive impact on their quality of life, with more than half of those interviewed responding "very much improved." For the whole household, the main improvements related to education, household expenses, and food, in that order. When asked about the specific benefits for children, education tops the list with 8 out of 10 respondents saying they were better able to pay for their children's education.

» Clients stress levels during pandemic and how it affected their children

In Guatemala we have some fascinating insights related to stress levels. Clients were asked to rate their stress levels between 0 (very low) and 10 (extremely high). There were two interesting correlations: clients with smaller loans reported higher stress (6.3) than clients with larger loans (5.7); and additionally, there were geographical correlations with levels of stress. Moreover, clients with larger loans reported having greater control over their finances and greater ability to save compared to clients with small loans.

Because Kenya was a stand-alone survey, respondents were asked about how the recovery loan from VisionFund had affected their stress levels over time. Half said the loan helped to decrease their stress, with one quarter saying their stress had "very much decreased" because of the recovery loan. Again, there are interesting correlations with those reporting "very much decreased" levels of stress most likely to say that the loan had "very much improved" their quality of life and to report improved ability to plan and control their finances.

Stress Affects Children Too

Worrying about money, about feeding your children, and paying your debts is very stressful and can make us impatient, withdrawn, irrational, and even violent. Children suffer when their caregivers are stressed.

So, when we learn that VisionFund's work has helped to reduce stress levels, we should celebrate this. It means that our clients are more relaxed, content, and even more healthy, and that their children are too.



IN CONCLUSION

» Clients satisfaction with VisionFund

How likely are you to recommend VisionFund to a friend or family member is the question that produces a Net Promoter Score, which is a gauge of satisfaction and loyalty. Any score over 50% is considered excellent. Kenya scored 49%, with the 'promoters' citing the staff and the whole loan approval process to be the best features. This score puts VisionFund Kenya above 60_Decibels' relevant global and regional benchmark and equals the benchmark for organisations that are focused on financial inclusion.

Guatemala scored an outstanding 63%, with promoters highlighting their high standards of customer service and their competitive interest rates. This result is higher than 60_Decibels' regional, global, and financial inclusion benchmarks.

» VisionFund areas of improvement

60_Decibels works in more than 70 countries and in the 12 months to June 2021 had interviewed 18,000 clients of microfinance institutions. Therefore when 60_Decibels makes recommendations for further areas of development, it is worth considering what they have to say. For Kenya and Guatemala, the top recommendation is to improve outreach to those living in poverty.

The summary reports also include a number of questions that the MFIs can explore further and suggest various ways to use the survey results to improve outcomes for clients, to motivate staff, and to inspire donors and other partners.

» Going forward

These surveys have proved to be a very powerful means of demonstrating the impact of the work of VisionFund, with donors committing to fund surveys in other countries. These will provide greater evidence of the transformational changes that are enabled by the work of VisionFund amongst the poorest and most vulnerable communities that we serve.

Read the full report for [Guatemala](#) and [Kenya](#).

Our Livelihoods Promise

By 2030 VisionFund's goal for impact is for all microfinance institutions (MFIs) to use impact data and evidence to drive local and global decisions that maximise impact and enable clients to achieve their personal goals.

Qualitative surveys conducted by the MFI or external specialists are an essential part of this goal.

To learn more, visit [VisionFund.org](https://www.visionfund.org)

